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FISCAL IMPACT STATEMENT

LS 7669

BILL NUMBER: HB 1776

NOTE PREPARED: Jan 14, 2007

BILL AMENDED:

SUBJECT: Use of tax increment finance revenue.

FIRST AUTHOR: Rep. Stemler

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill allows the transfer of money from a county or municipal tax increment finance allocation fund to the unit's local venture capital fund.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Under current law, proceeds from TIF allocations may be used to:

1. Pay debt service on obligations incurred for the financing of redevelopment in the allocation area;
2. Deposit funds into a debt service reserve to pay bonds;
3. Pay debt service on bonds used to pay for local improvements in or serving the allocation area;
4. Pay premiums on early bond redemptions;
5. Make lease payments;
6. Reimburse the local unit for the cost of making local improvements;
7. Reimburse the local unit for rent paid by the unit for a building or parking facility in or serving the allocation area;
8. Pay a PTRC-like credit to taxpayers in the allocation area;
9. Pay expenses incurred by the redevelopment commission for public improvements in or serving the allocation area; and
10. Reimburse public and private parties for expenses in training employees of certain industrial facilities.

This bill would also allow TIF money to be transferred to the local venture capital fund (VCF). Counties and municipalities may currently deposit County Economic Development Income Tax (CEDIT) revenue in a VCF to foster:

1. Economic development;
2. Technology development;
3. Industrial and commercial growth;
4. Employment opportunities; and
5. Diversification of industry and commerce.

This bill would not affect TIF revenues. It would, however, allow an additional use for the proceeds.

Background: The total gross TIF proceeds in CY 2006 was \$315 M, statewide.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Counties, Cities and Towns; Redevelopment authorities.

Information Sources: Local Government Database.

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